ORDER: 84-8-12 ISSUED: AUG 2, 1984

(Restructed to comply with ACT)



## UNITED STATES OF AMERICA CIVIL AERONAUTICS - BOARD WASHINGTON, D.C.

Adopted by the Civil Aeronautics Board at its office in Washington, D.C. on the 2nd day of August, 1984

In the matter of

PAGE AVJET CORPORATION

Docket 40905

to determine whether it is a citizen under section 101(16) of Federal Aviation Act of 1958, as amended

ORDER

By Order 83-7-5, July 1, 1983, we determined that Page Avjet Corporation (Page) is not a U.S. citizen as defined by section 101(16) of the Act and directed the carrier to cease operations within 60 days. We further indicated that if Page submitted a reorganization plan that comports with the policies outlined in that order, we would stay the order pending a determination on the merits of the plan.

On August 15, 1983, Page submitted such a plan and by Order 83-8-122, August 30, 1983, we stayed Order 83-7-5. Page's plan which was later amended 1/ provides that a new air taxi called Charters be created. 2 Charters will have two classes of stockholders: Page will own the first class of stock which will be monvoting common stock; a group of U.S. citizens will own the second class of stock which will be voting preferred stock. Page has made the plan subject to the requirement that if certain events occur, Charters or its U.S. citizen shareholders agree to buy Page's stock in Charters at the "fair market value." 3/ That value would be composed of one-half of the sum of the net tangible book value per

The amended plan was filed on May 22, 1984.

2/ Charters will register as a Part 298 air carrier and meet all the

requirements of Part 298.

<sup>3/</sup> The original proposal called for an unrestricted buyout provision. In the new proposal Page limits the buyout provisions to specified events. Those events include the carrier's (1) consolidation, merger or acquisition of control by another entity; (2) sale of its assets other than in the ordinary course of business; (3) issuance of additional stock; (4) "waste" of corporate assets or payment of unreasonable compensation to management or key personnel; or (5) "self-dealing" by management or key personnel that may be detrimental to Page's investment.

share,  $\frac{4}{}$  plus six times the earnings per share.  $\frac{5}{}$  If either class of stockholders objects to the price determined by this formula because of unusual circumstances regarding either the book value or the earnings, the plan provides for arbitration procedures.

On November 23, 1983, our staff requested additional financial information in order to evaluate Page's proposal more fully. On January 6, 1984, Page submitted financial information for itself and projected financial statements for the proposed air taxi operation. 6/

We have examined Page's submissions and have determined that Page's proposal is reasonable and that, if Page implements the plan, it would satisfy our concerns about the air carrier's citizenship. Therefore, we direct Page to implement the plan to restructure within sixty days or to cease operations by that date.

## ACCORDINGLY,

- We find that the reorganization plan that Page submitted comports with the Act's citizen requirements;
- 2. We order Page to implement this plan by Cotober 2, 1984, or cease operations by that date;
- 3. We grant Page Avjet's Motion to Withold From Public Disclosure the financial information submitted January 6, 1984, and its Motion to Amend filed on May 22, 1984; and
- We will serve a copy of this order on Page and the Federal Aviation Administration.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR Secretary

(SEAL)
All Members concurred.

4/ The book value will be determined by the most recent audited balance sheet.

5/ The earnings per share will be determined by the most recent audited profit and loss statement.

6/ This financial information was accompanied by a Motion to Withhold From Public Disclosure. Page states that the information is subject to exception number four of 5 U.S.C. §552(b) and need not be disclosed under the Freedom of Information Act. We will grant Page's motion.